

**DCMS Committee Call for evidence
Impact of Covid-19 on DCMS sectors
Submission by the Incorporated Society of Musicians**

- This is a submission produced by Incorporated Society of Musicians (ISM) responding to the DCMS Committee call for evidence: Impact of Covid-19 on DCMS sectors. This submission responds directly to the questions in the terms of reference and a summary can be found on pp.2-5.

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1. Summary

About the ISM

- The ISM is the UK's oldest professional representative body for musicians, set up in 1882 to promote the art of music and to protect the interests of all those working in the music sector. The ISM's membership comprises approximately 10,000 members and over 150 organisations working in every part of the profession. We support our members with legal services and advice, insurances, professional development and guidance in their work as a musician.

Summary

- COVID-19 has had a devastating impact on the music industry. Performers, composers, producers, conductors, agents, teachers, academics, advisers and sound technicians have all lost a significant amount of work and income due to the cancellation of concerts, festivals and school closures.
- We are deeply appreciative of the financial packages provided by the government for the workforce and for businesses. The introduction of the Coronavirus Job Retention Scheme ("CJRS"), the Self-Employment Income Support Scheme ("SEISS"), the Coronavirus Business Interruption Loan Scheme ("CBILS"), and the Bounce Back Loan Scheme ("BBLs") have provided much-needed support for the music industry during this extremely difficult period.

Music workforce

- The decision to extend the CJRS beyond July to October was extremely welcome. However, many of our members who are atypical workers on PAYE contracts and eligible for the scheme have not been furloughed. They have now missed the 10 June deadline for being furloughed. With their employers not paying their wages and not providing any work, many of our members have no source of income and face serious financial hardship. The ISM recommends that the government:
 - Extends the 10 June deadline for employers to furloughed employees;
 - Sends clear communications to employers reminding them that atypical workers, including casual workers, agency workers, individuals on zero hours contracts, and casual workers, are eligible to be furloughed.
- The extension of the SEISS is also welcome news for the thousands of music professionals who are self-employed and depend on this vital lifeline. However, those eligible currently facing a cliff-edge drop in income when the SEISS ends in August. The reality is that until mass gatherings are reintroduced, which is likely to be the last stage of lockdown easing, musicians cannot return to work. Therefore, it is vital that the SEISS is extended further until mass gatherings are permitted.

- Significant gaps in coverage still remain for the SEISS, with many musicians receiving no financial support. By categorising workers as either employed or self-employed, the government has failed to understand the complexities of the music industry labour market, which is a mixed economy with most musicians undertaking work which is both self-employed and employed. This has caused many musicians to fall through the cracks. The SEISS must be revised in its current form. To increase the accessibility of the SEISS, the ISM recommends that the government:
 - Lowers the threshold of income from 50 per cent to 25 per cent;
 - Removes the £50,000 cap;
 - Allows graduates, those who have been on sick leave or maternity leave, or those who have returned to work in the past three years to discount years that do not reflect their current position;
 - Extends eligibility to individuals who have been self-employed for less than a year or provide equivalent meaningful support to these workers;
 - Extends eligibility to individuals who operate under a Limited Company and take dividends as a source of income or provide equivalent meaningful support to these workers.
- Many musicians are relying on Universal Credit as their only source of income. However, the welfare system is not structured to support the vast number of creative practitioners who are out of work. The ISM recommends that the government provide an alternative to Universal Credit in order to cover the income gap or make the application process more responsive.

Music businesses

- Widespread venue closures have caused huge financial difficulties for music organisations and businesses, particularly live music venues and festivals, which have lost an entire year of trade. Organisations in receipt of public funding, such as the Arts Council's Creative Local Growth or the National Lottery Heritage Fund, have been shielded slightly by the impact of COVID-19. However, many music venues operate entirely in the commercial space and rely on tickets sale as their main source of income. They are facing urgent cash flow challenges and imminent risk of failing.
- We are very concerned about plans to scale back furlough contributions and introduce employer contributions. Many businesses in the music sector will not be able to afford this, which risks bankruptcy and redundancies. With social gathering restrictions set to stay in place for the foreseeable future, there will be no immediate return to business as usual for large parts of the music sector. When normal activities resume, it is also uncertain that audiences will feel confident returning to live events and venues. The ISM recommends that the government applies a sector-specific approach to employer contributions and extends the furlough scheme in full for the creative sector.
- We are grateful for the different loan schemes available for businesses. However, many music businesses have not accessed the CBILS because they do not meet the lending

criteria, or they did not want to take on additional interest payments during this difficult period. In addition, the BLS does not adequately support much of the music industry that will be potentially out of business for the entire year.

Support for the creative sector

- In response to COVID-19, we have seen musicians and businesses embrace digital opportunities to try and generate some sort of income. The government must support the music sector to innovate and help find financially viable models for businesses to operate under social distancing measures. However, without significant financial support from government, this will not be possible.
- We welcome reports that discussions are taking place between the Treasury and the Department for Digital, Culture, Media & Sport (DCMS) about a financial support for creative industries. Across the world, governments have intervened to protect creative industries. For example, Sweden, Denmark, Norway, Finland and New Zealand have all announced funds and targeted aid packages for the creative sector. Germany has led the way with its response to pandemic, unveiling a €50 (£45 billion) aid package for artists and cultural businesses hit by COVID-19. The ISM recommends a similar financial support package for the UK creative industries.
- Other fiscal measures should also be explored as part of a wider support package. For example, DCMS should review how the Orchestral tax relief can be refreshed to provide tax relief. We have also suggested that two related tax reliefs could be explored namely the Live Music Tax relief and the New Works and New Tours Tax Relief. Both these tax reliefs could give a significant boost to the sector.
- However, the policy response must account for the diversity and mixed economy that defines our sector. There is no one-size-fits all approach to designing a long-term financial support package for the music sector and wider creatives industries.

Returning to work

- Musicians also face challenges safely returning to work in the context of social distancing. Our concern is underpinned by a lack of proper data and medical evidence about the transmission risk in varying scenarios. Any potential restrictions around singing, wind and brass will have huge implications for arts organisations which are already struggling and musicians and singers who are facing financial ruin with the ending of schemes such as the SEISS.
- It is also very important that the music talent pipeline does not break down. Our research shows that many young musicians are under significant financial pressure because of COVID-19 and are more likely to leave the music profession than their older peers. This will exacerbate the issues around diversity already in the profession.

Lessons from COVID-19

- COVID-19 has exposed the structural problems that exist in the industry, such as the broken royalty distribution system and the inequalities in musicians' contracts. COVID-19 has also

highlighted the significant shortcomings in statutory protections for the self-employed. It is disappointing that many of the core recommendations in the Taylor Review have yet to be implemented. The government must use the Employment Bill outlined in the Queen's Speech as a vehicle to build a legislative framework that protects the self-employed and is tailored to the complexities of the music sector. COVID-19 presents an opportunity for the government and the music sector to work together to address these important issues.

Safeguarding music in the post-Brexit world

- Finally, reaching a reciprocal agreement with the EU that would enable musicians to continue touring across Europe with ease after the transition period is critical for the survival of the music profession. As things stand, Brexit will lead to a significant increase in bureaucracy and costs for musicians. We would like to work with the government to come up with a solution which addresses the additional costs and administrative burdens.

2. Background

Economic and cultural value of the UK's creative industries

- Creative industries are hugely successful, generating over £111bn for the UK economy. The sector has grown twice as fast as the UK economy as a whole over the last decade, and is part of a bigger creative economy, employing over three million people and generating value throughout supply chains.¹
- Music is a key component of our fantastic creative industries. There are thousands of musicians working professionally in the UK: teaching music to our children at school; performing within our celebrated orchestras and at renowned concert halls; and composing the music we hear on television and in our headphones.
- UK Music's inaugural 'Music By Numbers' report revealed that in 2018 the UK music industry contributed £5.2 billion to the UK economy and the total export revenue of the music industry was £2.7 billion.² British artists account for one in eight albums sold around the world.³
- Music plays a vital role in the UK's soft power, which is currently ranked second in the Portland Soft Power 30 Index (2019). The UK boasts an impressive music scene that affords us a prominent cultural platform on the world stage.⁴
- At a local level, arts and culture play an important role in the lives of people, communities and places. Music venues and local music activity help create desirable places for people to live, by building stronger communities and fostering community cohesion. Various research studies have also highlighted the local economic impact of arts and culture, including references to financial return on investment and regional economic performance.⁵

A precarious workforce

¹ <https://www.cbi.org.uk/articles/centre-stage-keeping-the-uk-s-creative-industries-in-the-spotlight/>

² <https://www.ukmusic.org/research/music-by-numbers/>

³ <https://www.bpi.co.uk/news-analysis/british-music-records-another-year-of-global-success/>

⁴ <https://softpower30.com/wp-content/uploads/2019/10/The-Soft-Power-30-Report-2019-1.pdf>

⁵ <https://www.artscouncil.org.uk/sites/default/files/download-file/Value%20of%20Arts%20and%20Culture%20in%20Place-Shaping.pdf>

- However, life for average musicians remains incredibly precarious. Musicians' earnings are extremely low in relation to the level of skill they possess; they are highly skilled but not highly paid. Most musicians work as freelancers with portfolio careers, which is why it is more accurate to consider 'earnings' rather than 'salary'. Recent ISM research (2019) found that 55 per cent of ISM members who all work in the music sector earn less than £20,000. 79 per cent of musicians earn less than £30,000.⁶
- There are also many areas of the music sector where employment practices are questionable. According to reports from our membership, many peripatetic teachers are employed or engaged by music education hubs on basic terms and conditions or zero-hour contracts, which do not provide workers with adequate sick pay.⁷ Prestigious 'conservatoires' also use casual worker status, with many staff working on precarious contracts.⁸
- The '*Good work: the Taylor review of modern working practices*' highlighted instances where individuals are misclassified as self-employed, and called for greater protection for those working under more flexible work arrangements. This review concluded that there was a need to "organise our national framework around an explicit commitment to good work for all" and that the government should work towards both self-employment and employment meaning the same for both tax purposes and employment rights.⁹ This culminated at the end of last year with the publication of the government's Good Work Plan, which they described as their "vision for the future of the UK labour market".¹⁰
- The government has passed secondary legislation giving effect to some of the commitments in the Good Work Plan, including legislation to extend to workers the right to receive a written statement of employment rights. However, because this only came into effect from April 6 (after the outbreak of COVID-19), many casual workers who have been impacted by this crisis will still not have a written statement confirming their rights. However, many of the core recommendations in the Taylor Review have yet to be implemented. It is also currently not clear how the government intends to proceed across the full range of issues as it has not yet responded to the numerous consultations on these reforms.
- The precarious and unpredictable nature of musicians' work has also contributed towards higher levels of anxiety.¹¹ Research carried out by Help Musicians UK (HMUK) revealed that those working in music may be up to three times more likely to experience depression, compared to the general public.

Mixed employment

- Musicians work across many types of employment making them very difficult to categorise. Many musicians, including 93 per cent of the ISM membership, undertake work which is both

⁶ ISM (2019). Members Fund Survey. ISM Group

⁷ <https://www.ism.org/news/covid-19-ism-calls-for-full-sick-pay-for-teachers-affected-by-virus>

⁸ University and College Union, Counting the costs of casualisation in higher education (June 2019)

https://www.ucu.org.uk/media/10336/Counting-the-costs-of-casualisation-in-higher-education-Jun-19/pdf/ucu_casualisation_in_HE_survey_report_Jun19.pdf

⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf

¹⁰ <https://www.gov.uk/government/publications/good-work-plan>

¹¹ Can Music Make You Sick? Final Report and Recommendations

https://static1.squarespace.com/static/5981ffde914e6bc993575278/t/59cd0c5f46c3c43c96190d82/1506610315886/CMMYS_WEB.pdf

self-employed and employed, working with different employers or contractors and often on their own account. For example, many teach on an employed part-time basis often on zero hours contracts while also working as a performer in different settings from theatre to wedding bands. There is no typical type of musician and no two musicians will have identical portfolios of work.

Contracts

- In general, contracts offer limited protection for musicians. Most musicians will receive a single performance fee, which will cover all costs associated with that performance, such as rehearsals, accommodation and travel. This means if a musician is unable to perform due to unforeseen circumstances, such as becoming ill, they will not be paid. There is also no statutory or common law definition of force majeure or a force majeure event in English Law.

Royalty distribution

- The model for royalty distribution on streaming services like Spotify and Apple Music is not fit for purpose, with an unfair division of streaming income between the streaming services and the music community, between the recording and the song rights, between the reproduction and the performing rights, and between the artist and the label. Because of this broken system, musicians rely almost entirely on revenue from ticket and merchandise sales to generate the vast majority of their income.
- Analysts have estimated that Spotify pay artists about \$0.00318 per stream, which means that a rights holder would receive \$3.18 (£2.74) per 1,000 streams.¹² Not only is this universal rate very low, but it is also extremely unfair for artists who stream longer tracks, such as those in the classical sector. For example, streaming a full opera running for over three hours will generate the same income as a pop song for 3 minutes. As a result, musicians will receive a minority cut of income – commonly 15-20 per cent – from the payment of streaming royalties. This is only after some or all of the label's initial and ongoing costs have been paid.¹³
- Musicians also rely on collecting societies to receive royalty incomes, with roughly half of all musicians belonging to either PPL & PRS for Music.¹⁴ In April, PRS for Music announced a record £174m royalty distribution to members, marking the highest ever April payment in its history.¹⁵ However, some have raised concerns that these collective societies impose high commission fees.
- The Ivors Academy and Musicians' Union launched the Keep Music Alive campaign to "fix streaming" urging the government to explore necessary reforms and regulation of the industry.¹⁶ The ISM supports this campaign and looks forward to working with industry stakeholders to agree an equitable, sustainable and transparent model for royalty distribution in the streaming era.

Lack of public funding

¹² <https://www.theguardian.com/music/2020/mar/19/musicians-ask-spotify-to-triple-payments-to-cover-lost-concert-revenue>

¹³ https://themmf.net/site/wp-content/uploads/2015/09/digitaldollar_fullreport.pdf

¹⁴ <https://www.musiciansunion.org.uk/Files/Reports/Industry/The-Working-Musician-report>

¹⁵ <https://www.prsformusic.com/press/2020/prs-for-music-announces-historic-april-royalty-distribution-to-members>

¹⁶ <https://ivorsacademy.com/news/the-ivors-academy-and-musicians-union-launch-keep-music-alive-campaign-to-fix-streaming-now/>

- The scale of public investment in UK’s creative industries is much lower than our European neighbours. For example, the Arts Council England distributes £576.5 million of funding per year to the creative sector (for a population of 56 million).¹⁷ This funding pot for the whole of England (56 million population) is equivalent to Berlin’s cultural funding package via the Senate Department for Culture and Europe, which is approximately £525.7 (€600) million annually (3.8 million population).¹⁸
- Many musicians are therefore not supported by public funding. For example, unlike orchestras in European countries, which receive upwards of 80 per cent of their income from public funding, the average for British orchestras is just 30 per cent.¹⁹ This means UK musicians are far more reliant on earned income to survive and are therefore particularly vulnerable to any loss of earnings.

Challenges for SMEs

- The music industry is also a sector that has traditionally struggled accessing mainstream finance. Research by the Creative Industries Council found that 72 per cent of creative SMEs using external funding did not have enough finance.²⁰ Most music venues work on the basis of very tight margins and cashflow is therefore critical. SMEs make up a significant proportion of the music sector. According to Intuit QuickBooks, almost three in five SMEs have experienced problems with their cash flow.²¹
- Therefore, long before COVID-19 came along, the music industry was not structured in a way that provides financial security for musicians who cannot work because of unforeseen circumstances, such as a global pandemic.

3. What has been the immediate impact of Covid-19 on the sector?

Music workforce

- The music workforce, including performers, composers, producers, conductors, agents, teachers, academics, advisers and sound technicians, have all lost a significant amount of work and income due to the short-notice cancellation of concerts, festivals and school closures.
- The application of force majeure (or “Act of God” clauses) in musicians’ contracts has caused significant issues. Across the world, this blunt instrument was used for coronavirus-related cancellations and musicians have lost a significant amount of income as a result. Whilst public funders, such as the Arts Council England, have honoured funding commitments, many musicians in commercial settings have received little or zero compensation for cancelled events. This includes additional costs associated with their cancelled gigs, such as rehearsals, travel and accommodation.

¹⁷ <https://www.artscouncil.org.uk/about-us/how-we-invest-public-money>

¹⁸ <https://www.berlin.de/sen/kultur/en/funding/>

¹⁹ <https://abo.org.uk/assets/files/News-and-Press/ABO-Covid-19-briefing-May-20.pdf>

²⁰ <https://www.thecreativeindustries.co.uk/media/471225/cic-access-to-finance-research-report-june-2018.pdf>

²¹ <https://www.uktech.news/guest-posts/accountancy/smes-most-common-issue-is-cashflow-20190402>

- In March the ISM ran a 24-hour survey to understand the immediate impact of COVID-19 on the music workforce. The results were as follows:
 - 97 per cent have suffered a negative impact on their ability to work;
 - 95 per cent are self-employed (just under 3 per cent are on zero-hour contracts);
 - 99 per cent have lost work since the measures were put in place last week;
 - The amount of work lost ranges from 25 per cent to 50 per cent of annual income so far (with anywhere between £500 to £6000-worth of work lost in one phone call);
 - 71 per cent are very concerned about their ability to earn a living in the coming week;
 - 64 per cent are suffering from mental health issues.
- The wider self-employed workforce has also been significantly impacted. According to the LSE-CEP Survey in April, the self-employed:
 - worked an average of 11-20 hours per week, down from 31-40 hours in the previous year;
 - Over 60 per cent of workers earned less than £1,000 this April, more than twice as many as the previous year.²²

Sector organisations

- Widespread venue closures have caused huge financial difficulties for music organisations and businesses, particularly live music venues and festivals, which have lost an entire year of trade. For example, the Southbank Centre, which is the UK's largest arts and cultural organisation, warned that it will have used up its financial reserves by September, forcing its closure until April 2021 unless it gets further government support.²³
- In April we conducted a survey to understand the financial impact of COVID-19 on music businesses and organisations. Of the 70 music businesses and organisations who responded:
 - 83 per cent of music businesses and organisations reported that COVID-19 is significantly impacting their business financially;
 - 33 per cent of respondents reported that their business/organisation is at imminent risk of failing.²⁴
- Comments from respondents included:

'Our sales are close to zero as there are no performances, but we have cut basic costs substantially and hope to survive.'

'The furlough scheme does not help music management businesses where valuable colleagues could still work productively from home - but under the scheme are being paid by the government to do nothing. Furloughing is also bad for mental health and well-being and morale - which creates extra work for the company as we are "looking after" furloughed staff.'

'[My business] is not getting a rates holiday because it is not seen as a leisure business. I have bills to pay and no income.'

'We are at risk of losing many music shops and associated businesses.'

²² Jack Blundell & Stephen Machin, *Self-employment in the Covid-19 crisis, A series of background briefings on the policy issues arising from the Covid-19 pandemic*, A CEP Covid-19 analysis, Paper No.003

²³ <https://www.theguardian.com/culture/2020/may/25/southbank-centre-warns-it-may-have-to-stay-closed-until-spring-2021>

²⁴ <https://www.ism.org/news/impact-of-covid-19-music-businesses>

'We are a performing organisation and can't perform. We are now [looking at using our] reserves.'

'If disruption continues past June the business will struggle to survive without significant support.'

'Financial help for organisations in our sector feels limited and it seems likely that small organisations are going to fail.'

- Our survey findings echo data published by various organisations in the creative industries. For example, according to research carried out in April by the Creative Industries Federation:
 - 42 per cent of creative organisations estimate that their income has decreased by 100 per cent since the outbreak;
 - 63 per cent of creative organisations predict a decrease in annual turnover of more than 50 per cent by the end of 2020;
 - 1 in 7 creative organisations believe they can last less than 4 weeks on existing reserves.²⁵

- Figures released by the Office for National Statistics show the dramatic impact of COVID-19 on the creative industries:
 - 70 per cent of businesses in the 'Arts, Entertainment And Recreation' industry report they have 'temporarily closed or temporarily paused trading', the highest figure in any industry and more than 4 times the all-industries average of 16 per cent.
 - Of businesses continuing to trade, 64 per cent of businesses in the 'Arts, Entertainment And Recreation' industry report a turnover decrease of over 50 per cent, the highest figure for any industry and over twice the all-industries average of 24 per cent.
 - 65 per cent of businesses in the 'Arts, Entertainment And Recreation' do not expect to start trading in the next 2 weeks, compared to an all-industries average of 11 per cent.
 - Of businesses that have not permanently stopped trading, the proportion of their workforce on furlough for businesses in the 'Arts, Entertainment And Recreation' is 74 per cent, the second highest figure of any industry, and well over twice that of an all-industries average of 38 per cent.²⁶

Future forecasts

- New research commissioned by the Creative Industries Federation and carried out by Oxford Economics revealed that the "UK's creative industries are on the brink of devastation". Music, performing and visual arts are projected to lose £11 billion in revenue (-54 per cent) and 57 per cent of jobs (178,000) with theatres, recording studios and concert venues remaining closed. Creative industries are projected to be hit twice as hard as the wider economy overall and up to three times as hard regionally.²⁷

²⁵ <https://www.creativeindustriesfederation.com/news/press-release-federation-calls-urgent-grant-support-creative-organisations>

²⁶ <https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsoneuk/18june2020#toc>

²⁷ <https://www.creativeindustriesfederation.com/news/press-release-cultural-catastrophe-over-400000-creative-jobs-could-be-lost-projected-economic>

4. How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?

- We are deeply appreciative of the government efforts taken by DCMS, other departments and arms-length bodies to address the sector's needs during this difficult time. However, the various schemes are not sufficiently tailored to the needs of musicians, who operate in a mixed economy undertaking work which is both self-employed and employed.

4A. Limitations of the CJRS

- As outlined in the government's guidance, the CJRS is "designed to help employers whose operations have been severely affected by COVID-19 to retain their employees and protect the UK economy". We are deeply grateful for the CJRS, which has provided financial support for many of our members during these very difficult times.

Challenges for atypical workers

- However, there are still many musicians who are falling through the cracks. COVID-19 has led to the closure of many places where hourly paid workers are employed. The government's guidance confirms that employees and atypical workers on PAYE, such as casual workers, agency workers and individuals on zero hours contracts, are eligible to be furloughed. However, as stated in an answer to parliamentary question on 19 May 2020, "the scheme is not an employment right and it is up to the employer to decide who to furlough."²⁸
- Many of our members who are atypical workers on PAYE contracts have not been furloughed and face severe hardship with no work and no pay. This is particular common for atypical workers, such as agency workers, individuals on zero hours contracts, and casual workers. There has been confusion when it comes to atypical employees in relation to the updated guidance on Friday 17 April. With many casual employees working in the creative sector, there needs to be absolute clarity from government on the criteria for such workers.
- Eligibility for the also extended CJRS is limited to employees who are furloughed prior to 10 June, and organisations and individuals wishing to access the scheme must be registered by 01 July.. Those who are not furloughed by 01 July will receive no financial support for the entire period the CJRS remains open.
- Professor Michael Ford QC and Professor Alan Bogg highlighted that there will be little economic incentive for employers and agencies to furlough casual workers as they do not have a contractual obligation to provide workers with work, and no correlative duty to pay. There are also disincentives to do so, includes their potential future liability to pay redundancy pay after undertaking a fair redundancy procedure.²⁹ This issue has not been addressed by the Updated Guidance. Therefore, to be furloughed under the CJRS, precarious workers will continue to be reliant on the altruism of their employer.

²⁸ Written PQ HL3990 asked by Lord Black of Brentwood on 05 May 2020
<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2020-05-05/HL3986/>

²⁹ <https://uklabourlawblog.com/2020/03/23/legislating-in-times-of-crisis-the-coronavirus-job-retention-scheme-by-alan-bogg-and-michael-ford/>

- **The ISM recommends that the government extends the 10 June deadline and sends clear communications to employers reminding them that atypical workers, including casual workers, agency workers, individuals on zero hours contracts, and casual workers, are eligible to be furloughed.**

Part-time work

- A significant challenge for the music sector is that employees are not permitted to work for an employer by whom they have been furloughed. The Updated Guidance (published on 4 April 2020) repeats previous advice that an employee can take part in volunteer work so long as they do not provide services to or generate revenue for or on behalf of the organisation. The government has stated that the purpose of this is to prevent fraudulent claims and protect individuals from employers who could ask them to work in an effectively full-time way while only paying 80 per cent of the wages.³⁰
- Whilst workers must be protected from unscrupulous employers, this measure put insurmountable strain on organisations in the music and wider arts sector that have had to furlough their staff and are now struggling to function without a sufficient workforce. It should be recognised that because of how tight the margins and cashflow are in such organisations, they simply do not have the cash to keep workers on but now they are also finding that their businesses are struggling because of a lack of key staff following furloughing.
- We welcome the fact that the CJRS has been extended to the end of October and staff will be able to return to work part-time from August. This will help organisations manage the very difficult situation of returning to work and help arts sector businesses get back on their feet in preparation for opening. It is important to note that reopening an arts sector business cannot happen over night, unlike businesses in other sectors. Many music venues in the UK are listed buildings and require essential building safety to be maintained during lockdown. The marketing and programme of music events will also require long lead in times before the reopening of venues. Workers must have full assurances that their workplaces are safe and risk is being managed appropriately.

Employer contributions

- We are very concerned about plans to scale back furlough contributions and introduce employer contributions, which will increase over time. For example, by October the contribution will represent 23 per cent of the gross employment costs the employer would have incurred had the employee not been furloughed.
- However, many businesses in the music sector will not be able to afford this payment, which risks bankruptcy and redundancies. With social gathering restrictions set to stay in place for the foreseeable future, there will be no immediate return to business as usual for large parts of the music sector. When normal activities resume, it is also uncertain that audiences will feel confident returning to live events and venues.

³⁰ Written PQ HL3987 asked by Lord Black of Brentwood on 05 May 2020
<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2020-05-05/HL3987/>

- **The ISM recommends that the government sector-specific approach to employer contributions and extends the furlough scheme in full for the creative sector.**

4B. Limitations of the SEISS

Extension

- We are very grateful for the introduction of the SEISS and the recent extension, with eligible individuals able to claim a second and final grant in August paid out in a single instalment covering June, July and August. Whilst this scheme is not comprehensive in its coverage, it has provided some level of support for many people working in the music industry. However, those eligible for the scheme are currently facing a cliff-edge drop in income when the scheme ends in August.
- It is vital that the SEISS is extended until social distancing measures are no longer enforced and mass gatherings are permitted. Most musicians are registered as self-employed and the reality is that until mass gatherings are reintroduced, which is likely to be the last stage of lockdown easing, musicians cannot return to work.

Sufficiency

- According to the government, the SEISS was designed to target those who need it most and would capture 95 per cent of the self-employed. However, there are significant gaps in its coverage. Despite many of the issues being raised publically and in private correspondence, the government has chosen not to plug these gaps. As a result, many musicians who desperately need support have fallen through the cracks.
- Over a two week period in late May and early June 2020, we surveyed nearly 500 self-employed professionals working in the music sector. Findings from this survey show self-employed professionals are struggling to financially survive the impact of COVID-19, even with support through the Self-Employment Income Support Scheme. It also shows many self-employed professionals in the music sector cannot even access this scheme.
- 67 per cent of those surveyed were able to access the Self-Employment Income Support Scheme (SEISS), while 33 per cent were not.
- Of those that received payment through the SEISS:
 - 50 per cent reported that this covered only 50 per cent or less of their usual income over a three month period.
 - 41 per cent reported that the payment was £2500 or less for a three month period.
 - 41 per cent said their payment was not sufficient to cover the costs of living.
 - 53 per cent are also currently reliant on personal savings, while 42 per cent are reliant on financial support from Partners/Family/Friends (respondents could select multiple choices).
 - 42 per cent reported that they anticipate that it will take 12 months plus for their income from self-employed work to return to pre-COVID-19 levels, while 40 per cent anticipate it will take 7-12 months.

- Of those that could not access payment through the SEISS:
 - 61 per cent reported that this was because less than 50 per cent of their income traditionally comes from self-employed work.
 - 85 per cent have not received support through the Job Retention Scheme, indicating they have received no government support.
 - 59 per cent are also currently reliant on personal savings, while 42 per cent per cent are reliant on financial support from Partners/Family/Friends.
 - 87 per cent say that payment through the Scheme would have made a positive difference to their financial situation.
 - 31 per cent report a considerable decline in standing of living as a result, while 16 per cent report significant financial hardship.
- The government has also described the extension of the SEISS as “in line with the furlough scheme”. However, there are stark differences between the two schemes. For example:
 - Furloughed workers will receive financial support until October, whereas individuals on the SEISS will only be supported until August.
 - The self employed grant is capped at £2190 per month (£6,570 overall) whereas the furlough payment is capped at £2,500.

Revising the SEISS

(a) The 50 per cent threshold

- As noted, there is no typical type of musician and no two musicians will have identical portfolios of work. Because of the mix of work between being employed and self-employed, the requirement for 50 per cent of income to be from self-employment in order to be able to access 80 per cent profits means many musicians will not be able to get financial support for self-employed work.
- The policy justification for this threshold is unclear, particularly when employees and workers paid via PAYE can be furloughed by more than one employer. Why is there an expectation that individuals whose income derives from a combination of employment and self-employment can cope with a significant drop in income more easily than employed people?
- **The ISM recommends that the government lowers the threshold of income from self-employment from 50 per cent to 25 per cent.**

(b) Calculating profits

- The taxable grant offers three months’ support, at 80 per cent of your average monthly self-employed profit from your last three tax returns (2016-17, 2017-18, 2018-19). Dr Jane MacArthur FCA DipABRSM of Amati UK Ltd³¹ provides useful guidance and example grant calculations for musicians to follow.
- However, it can take a very long time for musicians to build up a portfolio of work and any break can impact this significantly. Many musicians are graduates or have been on maternity or sick leave in the past three years. This means their average profit will come in much lower than a typical working month and affect the payment they will receive via the SEISS. In

³¹ www.amati.co.uk

contrast to the CJRS, employees will get furloughed based on their salary, not their maternity, parental or sick pay.

- We are grateful that the government has listened to the concerns around maternity leave. We welcome the recent announcement that self-employed parents whose trading profits dipped in 2018/19 because they took time out to have children will be able to claim for a payment under the self-employed income support scheme (SEISS).³²
- **The ISM recommends that the governments allows graduates, those who have been on sick leave, or those who have returned to work in the past three years to discount years that do not reflect their current position.**

(c) £50,000 threshold

- A self-employed individual is not eligible to apply for support unless their trading profits are less than £50,000. Therefore, an individual with a profit of £51,000 will get no help at all, whereas someone with a profit of £49,000 will get the maximum help available.
- The government has stated that the £50,000 is designed to target those who need it most.³³ However, in contrast, there is no cap on earnings in the eligibility criteria for the CJRS. This means a senior director earning £200,000 per annum, or any other employee, can receive a salary of £2,500 a month if furloughed under the CJRS. The government has failed to provide a satisfactory explanation for the striking difference in treatment between the employed and the self-employed.
- **The ISM recommends that the government removes the £50,000 cap.**

(d) The newly self-employed

- Newly self-employed musicians have been left with no financial support under the current measures. Under the SEISS, a self-employed individual cannot claim a grant unless they have submitted an Income Tax Self-Assessment tax return for the tax year 2018-19, and continued to trade in the tax year 2019-20. Therefore, to be eligible for the scheme the latest date a self-employed person can have started working would be 5 April 2019. Those who commenced self-employment in the tax year 2019-20 cannot claim support under the SEISS. In stark contrast, under the CJRS any individual who was on the employer's payroll on or before 28 February 2020 is eligible to be furloughed.
- The HMRC may not have the capacity to handle an influx of self-assessment tax returns for 2019-20 within the next few months. However, it is not clear why special provision could not be made for those who commenced self-employment during that tax year.
- **The ISM recommends that the government extends eligibility to individuals who have been self-employed for less than a year or provide equivalent meaningful support to these workers.**

³² <https://www.gov.uk/government/news/self-employed-new-parents-can-claim-support-grant>

³³ Written PQ HL3990 asked by Lord Black of Brentwood on 05 May 2020

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2020-05-05/HL3990/>

(e) Limited Companies

- We have also received correspondence from members in relation to businesses who operate under a Limited Company and take dividends as a source of income. Many musicians run ensembles, teaching practices and other types of micro businesses and have lost thousands of pounds' worth of income due to COVID-19. These Directors, who make up 14 per cent of self-employed people³⁴, are not eligible for any of the financial measures and therefore are not receiving any support from the government during this difficult period. It should be noted that many workers who fall into this category do not have a high income and desperately need help. Given that the financial support would be capped and temporary, this is extremely unfair.
- **The ISM recommends that the government extends eligibility to individuals who operate under a Limited Company and take dividends as a source of income or provide equivalent meaningful support to these workers.**

4C. Access to Universal Credit

- For many musicians who are not eligible for financial support via the CJRS or the SEISS, Universal Credit is their only source of income. We welcome the changes made to the welfare system in response to COVID-19, such as the increase to the standard allowance for all new and existing claimants for 12 months and the removal of the minimum income floor. However, the five-week wait and other pre-existing design problems still remain. It is clear the system as a whole is not sufficiently structured to support the vast number of musicians and creative practitioners who became immediately out of work overnight.
- A flash survey (based on 2,073 responses) carried out by Help Musicians found that 67 per cent of those applying indicated they had experienced problems with the process (primarily long waits for contact, technology issues, and confusion on rules). Another survey of almost 1,800 creative freelancers carried out by the Creative Industries Federation found that only 4 per cent believed that Universal Credit would meet their basic living costs, and young people, women, and early career-starters are losing out the most.³⁵
- **The ISM recommends that the government provide an alternative to Universal Credit in order to cover the income gap or make the Universal Credit application process more responsive.**

4D. Support to businesses

- We welcome the introduction of the CBILS in response to the urgent cash flow challenges creative industries are facing. However, many businesses are struggling to access these loans and many charities are not eligible because their trading income falls beneath the 50 per cent threshold. On Sunday 12 April, three weeks after the launch of the scheme, the government has admitted that just 1.4 per cent of businesses that enquired about its CBILS

³⁴ <https://bectu.org.uk/news/at-least-one-quarter-of-self-employed-not-eligible-for-government-support-scheme/>

³⁵ <https://www.creativeindustriesfederation.com/sites/default/files/inline-images/Creative%20Industries%20Federation%20-%20COVID%2019%20Income%20Protection.pdf>

have so far been successful.³⁶ For those who have been successful, this finance will come too late.

- We asked the music sector about their views and experiences of the CBILS.³⁷ Only 26 businesses responded to our survey. This low response rate and the largely negative feedback we received would suggest that the CBILS is inadequate for the needs of the music sector.
- Based on our survey findings, 40 per cent of businesses eligible for the CBILS submitted an application. A key reason why businesses have not applied for the loan is because they did not want to add to a difficult financial situation by taking on additional interest payments.

'We decided not to apply for a loan as the T&Cs are too strict on payback in an unknown future.'

"Didn't apply because debt is the last thing you need in a crisis."

'As a small charity we do not want to get a loan with the potential funding gap that we may have through loss of earned income considering that we have no deficit to date'

- For those businesses that have applied, a significant proportion of respondents reported that their experience was slow and challenging. None of the organisations we surveyed have so far been successful with their application.

'4 weeks since applying and still no response from my bank. It has just been poor all round at every level'

'Lack of communication has been the worst thing. Pretty disgusting the government offering the funding and then the banks pretty much refusing to lend.'

'The process is far too complicated for an emergency loan - the govt needs to guarantee 100 per cent of smaller loans and the application should consist of 1 page as in Germany or Switzerland.'

'Absolutely awful. First application was denied after approved lender withdrew from the market as Govt said they couldn't take personal guarantees.'

'Slow and challenging, we are expected to use their "language", whilst they have no comprehension of ours!'

- For businesses waiting to hear back on the outcome their application, the majority respondents stated that this leaves them at risk of closure and/or making all their staff redundant.

'We are currently on stop with our suppliers. Once the restrictions have been lifted we will have no way to pay the suppliers to continue trading without a loan to help cash flow temporarily'

'If we do not find out before the end of April we might have to terminate all staff employment'

- On 27 April the Chancellor announced the BBLs to support loans of up to £50,000 to small businesses with a 100 per cent government-backed guarantee for lenders. The ISM welcomed the announcement, which we hoped would address some of the cash flow issues many businesses are facing. However, for much of the creative industries, particularly the live

³⁶ <https://www.theguardian.com/world/2020/apr/12/applicants-uk-coronavirus-business-loan-cbils>

³⁷ <https://www.ism.org/news/government-introduces-coronavirus-bounce-back-loan-scheme-for-small-businesses>

music sector, this is not a temporary shutdown of business but an entire year of income and trade that has been wiped out. Therefore, the BLS does not adequately cover what they need to stay afloat.

5. What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?

5A. Financial support

- As noted, the financial support packages announced by the government have not been sufficient for the crisis facing creative industries. In response, a range of funding pots have been announced.

(a) Arts Council England

- On 24 March 2020 the Arts Council England announced a £160 million emergency response package to support individuals and organisations across the cultural sector in response to COVID-19. £20 million will be available to creative practitioners and cultural workers. To qualify, individual freelance creatives must make 50 per cent or more of their income from creative freelance work and have delivered publicly-funded work and lost income as a result of COVID-19. Those who do not have funds to remain stable through COVID-19 can receive a grant of up to £2,500 or up to £3,000 if an individual has extra costs relating to a disability.³⁸
- We welcome this emergency funding from Arts Council England, which will help support freelance creatives through the COVID-19 crisis. However, this uses lottery reserves, which means there will be an inevitable contraction in the funding available for future projects. It is also not sufficient to meet the needs of those who work in the music sector. As this fund is for all art forms and disciplines covered by Arts Council's usual funding programmes, only a small number of individuals and organisations will receive financial support. Most musicians will not be eligible.

(b) Local government and devolved administrations

- Local government, devolved administrations and metro mayors have also provided additional financial support to try and plug the gaps. For example:
 - The Welsh government announced a £18 million support package for culture, creative and sport sector.³⁹
 - The Scottish government announced a £100 million hardship fund to support the newly self-employed and SMEs, including a £20 million Creative, Tourism & Hospitality Enterprises Hardship Fund.⁴⁰
 - The Northern Ireland Creative Support Fund announced a £1m to support arts organisations and the Arts Council of Northern Ireland is providing £500,000 to support freelance artists, creative practitioners and performers.⁴¹
 - The mayor of London Sadiq Khan launched a £2.3m Culture at Risk Business Support Fund to support London's creative and cultural industries.

³⁸ <https://www.artscouncil.org.uk/covid-19/covid-19-more-information>

³⁹ <https://gov.wales/18m-support-culture-creative-and-sport-sector-wales>

⁴⁰ <https://www.gov.scot/news/lifeline-support-for-business-confirmed/>

⁴¹ <http://artscouncil-ni.org/news/coronavirus-covid-19-advice>

- £3.2 billion of emergency funding has also been made available to local authorities to help their businesses and charities through this crisis.⁴² Charities and voluntary organisations in the music sector who are struggling can apply for relevant grants provided by the Local Authorities.

(c) Music sector

- The music sector has also launched a number of funds to provide additional support to those who have been most impacted by the current crisis. For example, PPL recently announced that it has pledged a £700,000 contribution to hardship funds established by Help Musicians, The Musicians' Union and AIM. The Music Venue Trust has launched a Grassroots Music Venue Crisis Fund, calling on the music industry, cultural sector and high net worth individuals to contribute towards extending our existing Emergency Response Service to safeguard the nation's grassroots music venues.

(d) Government support

- However, these funding pots are not sufficient for an industry in crisis. A significant targeted financial investment is desperately needed to ensure the UK's creative industries can survive during and beyond COVID-19.
- Across the world, governments have intervened to protect creative industries. For example, Sweden, Denmark, Norway, Finland and New Zealand have all announced funds and targeted aid packages for the creative sector. Germany has led the way with its response to pandemic, unveiling a €50 (£54 billion) aid package for artists and cultural Businesses hit by COVID-19.⁴³ In June, Germany released another €1 billion bailout package for the culture industry.⁴⁴ The ISM recommends a similar financial support package for the UK creative industries.
- In April, the government announced targeted financial support for England's fishing businesses totally £10 million. The purpose of this support scheme is to meet the immediate needs of the industry by helping English fishing and aquaculture businesses with their fixed costs such as such as insurance, equipment hire and port costs. While of course fishing is important, the government should not to lose sight of how valuable the creative industries are and their extraordinary growth in recent years. As previously stated, the UK's creative industries generate over £111bn for the UK economy – equivalent to £11.5m per hour.⁴⁵ By way of comparison, in 2016 the fishing industry contributed £1.4 billion to the UK economy over the course of the year.⁴⁶
- Early this year it was reported that the government is pressing ahead with plans for a post-Brexit festival of Great Britain and Northern Ireland, which will cost the taxpayer £120 million.⁴⁷ We would urge the government to reinvest the funding as part of sector rescue package.

⁴² <https://www.gov.uk/government/publications/covid-19-emergency-funding-for-local-government>

⁴³ <https://www.bundesregierung.de/breg-de/bundesregierung/staatsministerin-fuer-kultur-und-medien/aktuelles/bundesregierung-beschliesst-soforthilfe-gruetters-rettungsschirm-fuer-den-kulturbereich--1733612>

⁴⁴ <https://news.artnet.com/art-world/germany-another-1-billion-culture-bailout-1878870>

⁴⁵ <https://www.cbi.org.uk/articles/centre-stage-keeping-the-uk-s-creative-industries-in-the-spotlight/>

⁴⁶ <http://researchbriefings.files.parliament.uk/documents/CDP-2017-0256/CDP-2017-0256.pdf>

⁴⁷ <https://www.theguardian.com/politics/2020/jan/12/festival-of-brexit-boss-120m-event-will-prove-cynics-wrong-martin-green#maincontent>

- **To protect the UK creative industries from financial devastation, the ISM recommends that the government introduces an urgent sector-specific package of financial support – similar to the €50 billion programme in Germany.**

5B. Tax reliefs

- Other fiscal measures should also be explored as part of a wider support package to alleviate the financial pressures facing the creative sector. In the UK, there are special VAT and Gift Aid rules for admission charges to various cultural events and facilities.⁴⁸ Creative Industries Tax Reliefs are a growing suite of special company tax reliefs that are similar in form to Research & Development tax relief.
- The Orchestra Tax Relief (OTR) was announced at Autumn Statement 2014 and was introduced on 1 April 2016. We believe this could be refreshed to provide tax relief given the current financial challenges facing the music sector because of COVID-19. We also suggest that two related tax reliefs could be explored, which could give a significant boost to the sector.

(a) Live Music Tax Relief

- We propose a new Live Music Tax Relief, which would follow the regulatory elements of the Theatre Tax Relief. The Tax Relief would cover the production costs of musical performances (commission fees for new music, production costs for a new presentation of existing works, music hire, copyright licences). A higher rate of tax relief could also apply to touring as per the Theatre Tax Relief.
- Whilst the production costs (and therefore expenditure eligible for tax relief) would be relatively low for a standard orchestral concert, the tax relief would have a bigger impact on the commissioning of new music, and new presentations of existing works. The tax relief would be particularly beneficial to orchestral tours comprising the performance of new works or new presentations of existing works. As with the Theatre Tax Relief, a higher rate of relief would apply to touring productions as opposed to non-touring productions

(b) New Works and New Tours Tax Relief.

- We also a proposed new works and touring tax relief, which would follow the regulatory elements of the Theatre Tax Relief. This would cover the production costs (as per the Theatre Tax Relief) of i) new presentations of existing music and ii) performances of new works the tax relief the tax relief would cover new music (as per the MPA proposal) and support orchestral concerts.
- This would follow the principles of the Theatre Tax Relief. The tax relief would apply to production costs; it is not yet determined whether this will cover rehearsal costs. There will need to be a discussion with HMRC in relation to whether or not these will be covered as production costs.

⁴⁸ <https://cvalive.org.uk/assets/documents/tax-issues-for-arts-organisati>

- It is envisaged that it will cover commissioning, costs put towards a new presentation of works, hire costs of music, copyright licensing and other associated production costs. The new works and new tours tax relief will cover the following three elements:
 - new presentations of existing musical works and performances of new works in a single venue;
 - touring productions of new presentations of existing musical works and performances of new works.

5C. Cultural Renewal taskforce

- In May Neil Mendoza was appointed as the new Commissioner for Cultural Recovery and Renewal. As part of this announcement, the government stated that an Entertainment and Events Working Group is being created as part of the Cultural Renewal taskforce, with the aim of developing advice and guidance on the reopening of cultural venues across the nation.
- We welcomed the setting up of the Task Force. However, it is disappointing that there is no representation for musicians on the taskforce. Whilst musicians are experiencing similar challenges to professionals in theatre and ballet as a result of COVID-19, it is also a unique workforce. **It is therefore vital that musicians have a voice on this Task Force to help shape decision-making.**
- We are also concerned that music is underrepresented on the Entertainment and Events Working Group. Local government is another important stakeholder that not represented on both the taskforce or the Entertainment and Events Working Group. **Local authorities are the biggest funders of arts and culture in England⁴⁹ and must also have an active role in strategic decision making.**
- It is welcome news that you will be convening experts in a targeted way and bringing together leading performers, medical experts and advisers, as part of the government's roadmap to recovery. Musicians must play a central role in these discussions.

6. What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?

6A. Improved protections for the self employed

- COVID-19 has exposed the significant shortcomings in statutory protections for the self employed and the structural problems that exist in the music industry. As noted, musicians are mainly self-employed and have limited employment protections. In the December 2019 Queen's Speech, the government announced an Employment Bill, which will give effect to many Good Work Plan recommendations. We would urge the government to use this Bill as an opportunity to ensure our legislative framework is tailored to the needs of the music sector, which operates in a mixed economy of employed and self-employed.
- **The government must use the Employment Bill as a vehicle to build a legislative framework that protects the self-employed and is tailored to the complexities of the music sector.**

⁴⁹ <https://www.artscouncil.org.uk/explore-news/local-government-art-and-culture-future>

7. How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

7A. Sector innovation

- Musicians are by definition creative, so the speed of transitioning to an enhanced online presence has mirrored the speed with which their work disappeared. The key challenge for musicians is how to make this produce any sort of income.

Pivoting to online performance

- In response to cancellations, many musicians have pivoted to online performances. For example, artists have increasingly started using platforms like Twitch, Instagram, Facebook and YouTube to give virtual performances from the comfort of their own homes. On Sunday 12 April, Italian tenor Andrea Bocelli broke the record for the largest simultaneous audience on YouTube for a live classical performance last weekend, with 2.8m concurrent viewers for his Milan concert at its peak.
- The One World: Together at Home concert, curated by Lady Gaga in collaboration with the World Health Organisation and Global Citizen, provided eight hours of free online streaming, featuring an impressive line-up of celebrities and musical guests. Whilst free online performances help people stay connected to the entertainment industry, many of our members have reported that this is undermining the ability of musicians to generate an income during this difficult period.
- Some parts of the music sector have been more successful than others in generating an income. For example, the London Mozart Players launched At home with LMP, a series of livestreamed performances from musicians and soloists including Howard Shelley, Sebastian Comberti, Peter Wright, Simon Blendis and Craig Ogden. This has enabled them to raise funds to support their musicians.⁵⁰

Embracing digital opportunities

- Some musicians are also better equipped to tackle the technical challenges of streaming or creating videos than others. While young music students are now taught to make and upload videos, the older generation tends to be a bit variable in their interest in and knowledge of how to do this. Cameras, microphones and software for editing audio or video have all become hot topics of conversation, and there is a wonderful willingness amongst the sector to help each other.

Transitioning to remote teaching

- For musicians who both perform and teach, teaching has assumed more significance in the current climate. Many teachers are continuing to teach online, which has proven to be a rapid learning curve for many of our members. Zoom is a very most popular and commonly used platform used by our members. Casio Music UK has announced a series of free virtual piano

⁵⁰ <http://londonmozartplayers.com/athome/>

and keyboard lessons via Facebook Live for people who are stuck at home during the COVID-19 lockdown.⁵¹ Internet speed is central to the success of these opportunities.

Accessing digital technology

- As it becomes clear that mass gatherings are likely to be the last to be reintroduced after lockdown the government must support the music sector to innovate and deal with a challenging year ahead. With creative workers now relying on digital technology to continue working, the government could provide additional technology support for creative workers, similar to the recent scheme announced by the Department for Education for disadvantaged children and young people.⁵² This could include providing internet access through 4G hotspot devices for creative workers who do not currently have it, as well as laptops and tablets.

Exploring new business models

- Discussions are taking place across the sector to explore potential business models to try and keep the music industry afloat during any period of gradual lockdown easing. The Berlin Philharmonic Digital Concert Hall launched in 2008 demonstrates how music venues can monetize creative work in the digital world. For example, they have made available material to watch on computers, TVs, tablets or phones, which are all now accessible via a free 30-day subscription.
- In Italy, from mid-June concert halls, theatres and cinemas will be allowed to reopen, with capacity limits and other social distancing and hygiene measures in place, including scattered seating, PPE for workers and mandatory face masks for spectators. Similar protections were recently trialled in the United States, in Arkansas.

Financial viability

- However, without a vaccine, social distancing measures in large-scale venues must continue for months, potentially years. For many live music venues who operate on small profit margins, this will not be financially viable.
- Spatial and financial analysis carried out by independent journalist Zach Finkelstein shows that socially distancing a large concert hall is not financially viable without government intervention. According to his analysis, a 2,600-seat hall, under social distancing, would seat fewer than 500 people. To break-even with last year's ticket revenue, a company would have to charge more than four times the price for a ticket.⁵³
- Without significant financial support from government, the consequences of this could be devastating. The financial model for concerts and gigs is the same as for the theatre and is based on near-capacity audiences. Social distancing just does not work for venues financially. Another potential consequence, which we want to avoid, is concert halls raising prices, which would mean that only the wealthiest individuals could see symphonic or opera works in person. Without financial backing from government, there is also a risk that musicians' fees or

⁵¹ https://www.rhinegold.co.uk/international_piano/casio-music-uk-offers-free-piano-lessons-online/

⁵² <https://www.gov.uk/guidance/get-help-with-technology-for-remote-education-during-coronavirus-covid-19>

⁵³ https://www.middleclassartist.com/post/the-post-covid-concert-hall-catastrophe-why-audience-attendance-is-the-least-of-our-problems?fbclid=IwAR1OKaJJPI_uEuDHpGujX-GpnVoSgLJtM8IKZLsORhCqplT7pEtUrv0LUXU

salaries could be significantly cut to account for reduced audiences and as noted previously this is not a well-paid profession.

7B. Health and safety

- We understand that DCMS and Public Health England have been working together regarding guidance for the Performing Arts. We are aware that there is concern that singing, wind and brass pose a threat of increased risk of infection and have therefore imposed additional restrictions.
- Our concern is underpinned by a lack of proper data and medical evidence about the transmission risk in varying scenarios, and whether playing instruments such as singing, wind and brass increased the risk of infection. While a considerable body of research into coronavirus risks and music is beginning to emerge, there are many gaps in the research, and contradictory conclusions drawn from the available evidence. Any potential restrictions around singing, wind and brass will have huge implications for arts organisations which are already struggling and musicians and singers who are facing financial ruin with the ending of schemes such as the self-employed scheme.

7C. Audience confidence

- There is also a great level of uncertainty around when audiences might feel confident returning to live events and venues after lockdown. Indigo carried out a survey of 86,000 audience views on returning to arts events, booking tickets now and in future, and missing out on live events during lockdown. They found that only 19 per cent of the public would return to attending events just because venues reopen and 41 per cent would not consider booking for events for at least 4 months.⁵⁴
- **The government must support the music sector to innovate and create financially viable business models. Without a significant government intervention, music venues cannot operate under social distancing measures.**

7D. Future of touring

- Working internationally – whether that involves performing, recording, teaching, collaborating or other activities – is an essential part of the profession's ability to earn. There is not enough work available in the UK for musicians to sustain their livelihoods so they must travel abroad. Because of Brexit and the end to freedom of movement, this has become more difficult and uncertain for musicians.⁵⁵
- However, touring is now in jeopardy due to restrictions on visiting artists (and all travellers). For example, people arriving in France from the UK will have to self-isolate for 14 days from 8 June, which the French government announced as a reciprocal measure to the UK government's recent quarantine policy. Australia and China have also imposed 14 day quarantine. Promoters in some countries, for example, Australia are now discussing inviting only locally based soloists and conductors for as far as the whole of next season.

⁵⁴ <https://www.indigo-ltd.com/covid-19-after-the-interval-national-audience-survey>

⁵⁵ See ISM 5th Annual Report (May 2020), Will Music Survive Brexit? <https://www.ism.org/news/new-ism-report-brexit-transition-period-extension>

7E. Safeguarding music post-Brexit

- Brexit is another significant challenge facing the music profession and poses a huge problem for working in the EU more widely – not just for touring, but any performance, recording, teaching or collaborative opportunity. After the transition period, when freedom of movement and the free movement of goods ends, musicians will face substantial obstacles to working in the EU.
- As things currently stand, Brexit will lead to an increase in bureaucracy and costs for musicians, which is why we have been seeking a cultural exemption to allow the temporary transportation of instruments and equipment to the EU. Musicians will be required to purchase a carnet after the transition period, which will cost in the region of £500-700, depending on the value of the goods. Musicians will also be required to obtain a Musical Instrument Certificate (MIC) for the transportation of instruments containing CITES-listed products into the EU. There are also additional burdens of tax, insurance and social security.
- We have also called for the government to negotiate a multi-entry touring visa that is valid for two years and is EU-wide, covering all 27 Member States. We would like to work with the government to come up with a solution which addresses all these additional costs and administrative burdens.

8. Conclusion

- In summary, COVID-19 has had a devastating impact on the music industry as a whole. We are deeply appreciative of the various schemes introduced by the government. However, we are particularly concerned about the SEISS, which is not sufficiently tailored to meet the needs of musicians, who operate in a mixed economy undertaking work which is both self-employed and employed.
- The CJRS and the SEISS share the same essential purpose, to support members of the working population whose livelihoods have been put in peril by the collapse in economic activity caused by COVID-19. However, there are significant inequalities between these two schemes and musicians, who are predominantly self-employed, are being penalised. As a result, many musicians are falling through the cracks and not receiving financial support during this unprecedented period.
- In order to protect musicians and the industry as a whole, the government needs to address many of the issues we have raised. However, to protect the music industry and wider creative sector from long-term financial devastation, a significant and targeted financial support package is needed similar to the €50 billion programme in Germany. Other measures, such as tax reliefs, could also give a significant boost to the sector.
- COVID-19 also presents the government with an opportunity to address many of the structural problems that exist for the self-employed workforce and the music industry. Finally, the government must work with the sector to safeguard music in the post-Brexit world.